

**Remarks**

Claims 1, 14, 24, 26, 33, 41 and 45 have been amended, claims 43, 46, 48, and 49 have been canceled and new claims 56-64 have been added. Review and reconsideration in view of the amendments and remarks below are respectfully requested.

Claims 1-55 are rejected under 35 U.S.C. §101 as allegedly being directed to non-statutory subject matter. The Applicants gratefully acknowledge the Examiner explanation of the nature of the rejection, as well as the provision of guidance as to how the claims might be tied to a particular apparatus in manner that more clearly complies with 35 U.S.C. §101. As a result, the claims have been amended in one or more of the manners suggested in the final Office action.

In particular, claim 1 has been amended to specify that the tracking step is carried out by a computer, and that the tracking step is carried out by a processor of a computer according to software comprising computer-executable instructions on a computer-readable medium, as substantially proposed at page 17 of the final Office action. Claims 24 and 45 have been similarly amended.

New claims 56 and 57 depend from claim 1 and add further suggestions from page 17 of the final Office action as further limitations.

The rejection of claim 26 under 35 U.S.C. §101 is respectfully traversed. In particular it is submitted that that claim is, as currently written, drawn to a "specific apparatus." That specific apparatus is a computer programmed to track the monetary amounts of customer purchases in a plurality of predetermined product categories for a plurality of customers over a plurality of discrete purchase transactions, and to calculate a single reward for each customer which varies based at least in part upon the customer cumulative discrete purchase transactions in selected ones of the predetermined product categories. Thus it can be seen that the apparatus of claim 26 is defined with great specificity, and that the computer of claim 26 is clearly a "specific apparatus."

In addition, new claim 62, which depends from claim 26, has been added. New claim 62 specifies that the at least one computer of claim 26 is programmed by computer-executable instructions stored on a computer-readable medium that, when read by said at least one

computer, cause the steps specified in claim 26 to be carried out. Thus new claim 62 substantially implements the amendment suggested at page 18 of the final Office action.

The rejection of claim 33 under 35 U.S.C. §101 is respectfully traversed. In particular it is submitted that that claim is, as currently written, drawn to a "specific apparatus." That specific apparatus is a software device for operating on a computer and for tracking and calculating customer rewards, the software including a tracking module (as specified in claim 33) and a calculating module (as specified in claim 33). Thus it can be seen that the apparatus of claim 33 is defined with great specificity, and that the software of claim 33 is clearly a "specific apparatus."

In addition, new claim 64, which depends from claim 33, has been added. New claim 64 specifies that the software takes the form of computer-executable instructions stored on a computer-readable medium that, when read by a computer, cause the computer to carry out the steps specified in claim 33. Thus new claim 64 substantially implements the amendment suggested at page 18 of the final Office action.

Claims 1-7, 9, 13, 15, 16, 20, 23, 24, 26-30 and 32-55 are rejected as allegedly defining obvious subject matter over U.S. Pat. No. 6,415,262 to Walker et al., in view of U.S. Pat. No. 6,055,573 to Gardenswartz et al. By way of background, the Walker reference is directed to a "subscription" service in which the store may extend a limited offer to a customer to buy a product at a discounted rate (see, for example, column 2, lines 36-55). The subscription program may require that the customer meet certain conditions (such as minimum frequency of purchase) in order for the customer to remain in the subscription program (column 3, lines 52-55 and column 8, lines 21-26). While in the subscription program, the customer can buy goods at a discounted rate (see Fig. 6, which compares "retail price" to "subscription price"). The customer may be charged in order to join the subscription program (column 2, lines 54-55), and a penalty may be imposed on the customer if the customer does not purchase the minimum requirements (column 10, lines 25-37). At the end of the subscription period, the customer may be offered the option of renewing the subscription (column 18, lines 42-45).

Gardenswartz is directed to a system in which a so-called "value contract" may be offered to a customer (column 15, lines 5-8). In order for the customer to receive a reward, the consumer may be required to purchase a certain amount of a product within a period of time

(column 15, lines 8-12). The reward can take the form of points that can be redeemed for cash, goods or services (column 14, lines 56-60).

In contrast, the present application discloses a reward system in which customers select any number of the product categories. The reward may be undefined at the start of the program. The customers' purchases in the selected product categories are tracked. The program may be run for a discrete period of time, after which the program ends and purchases in each selected category may be totaled. A reward or rebate based upon the purchases and selected category may be calculated, and provided to the customer at the end of the program or program cycle.

In the systems of both Gardenswartz and Walker, the rewards programs are predefined (i.e., the subscription price of Walker (see column 12, lines 50-53) and the value contract of Gardenswartz (see column 15, lines 8-12)). In other words, the customer know what sort of purchases are required, and the nature of the reward is set at the time the program commences. Accordingly, claim 1 has been amended to include the step of receiving, from a customer, an indication of consent to participate in the reward program, at which time a single reward to be provided to the customer at the end of the reward program is undetermined. The last step of claim 1 includes the step of providing the single reward to the customer which varies based at least in part upon the monetary amount of the customer's cumulative purchases in the selected product categories over a discrete period of time.

Thus, the reward in the system of claim 1 is open-ended, and depends at least in part upon the monetary amount of the customer's purchases. This open-ended reward structure ensures that in this embodiment the more a customer spends, the greater the reward (noted at page 8, lines 13-15 of this Application), which encourages the customer to buy more (noted as a general concept at page 8, lines 1-3 of this Application). Accordingly, since the subject matter of claim 1 is not shown in the cited reference, it is submitted that claim 1 distinguishes over those references.

Claim 45 specifies that, after the tracking step, the reward is calculated based at least in part upon the customer's cumulative purchases in the at least one selected product category over a discrete period of time. Claim 45 also specifies that the reward is undetermined prior to the calculating step. In contrast, as noted above, both Gardenswartz and Walker do not calculate a

reward after the tracking step, as the reward is predetermined. Moreover, the cited references do not disclose the calculating, after the tracking step, a previously undetermined reward.

Independent claim 24 has been amended to specify that the reward is provided only if the cumulative monetary amount of a customer's purchases exceed the purchase threshold, to thereby further distinguish over the cited references.

Independent claim 26 has been amended to specify that the single reward for each customer is calculated after the plurality of discrete purchase transactions. In contrast, in both Walker and Gardenswartz, the reward is predetermined, and is "calculated" if at all, before the plurality of discrete purchase transactions. New claim 63 depends from claim 26 and specifies that the single reward for each customer is undetermined before the plurality of discrete purchase transactions, to further distinguish over the cited references. Independent claim 33 has been amended in a manner analogous to claim 26.

Without acceding to the propriety of rejections of dependent claims not specifically addressed herein, the rejection of selected dependent claims are discussed briefly below. Claim 14 depends from claim 1 and specifies that the reward is based at least in part upon a percentage of all or a portion of the customer's purchases only in each of the selected product categories. The Office action cites to U.S. Pat. No. 6,128,599 to Walker as allegedly showing a 1% reward for purchases up to \$150,000 and 2% for purchases over \$150,000. However, the cited passage of Walker '599 only discloses a percentage reward for all specified purchases. In contrast, claim 14 specifies that the reward is based upon a percentage of all or a portion of the customer's purchases only in each of the selected product categories. Thus, Walker '599 does not supply the subject matter of claim 14.

Claim 40 depends from claim 1 and specifies that each product category includes a relatively broad category of products and includes a plurality of differing products or goods included therein such that each product category is broader than any particular product or good individually available for purchase. The Office action cites to Fig. 6 of the Walker '262 reference as allegedly disclosing the features of claim 40. However, Fig. 6 of Walker '262 merely lists various products descriptions, including "mustard," "milk," "potatoes," "dish detergent," "rice (1 lb bag)," "diapers (box of 30)" and "jar of baby food." Each of these listings is in fact only a single product or good, and therefore does not include "a plurality of differing

products or goods" and is not "broader than an particular product or good available for purchase," as specified in claim 40 and claim 1, from which claim 40 depends.

Claim 50 specifies that the reward has a monetary value that is directly based part upon the monetary amount of the customer's purchases in the selected product categories over a discrete period of time. The Office action cites to column 17, lines 3-18 of Gardenswartz as allegedly disclosing the subject matter of claim 50. However, the cited passage merely discloses that if the customer successfully completes one "value contract," another "value contract" may be offered. The specific example disclosed therein shows that the second value contract is of lesser value than the first value contract (additional product must be purchased in order to fulfill the "contract.")

Thus, the cited passage does not even disclose a reward, but instead discloses offering another cycle of the rewards program. Should the Office action be taking the position that a new "value contract" is, itself, a "reward" such a position would conflict with the other positions taken in the Office action. For example, in its rejection of claim 1, from which claim 50 depends, the "reward" is a reduced price in the form a "subscription price" offered to subscribers. For example, in referencing the "reward" of claim 1, the Office action cites to: 1) the Abstract of Walker '262, which references a "subscription price;" 2) column 18, lines 60-64, which references a "lower subscription price;"; and 3) column 19, lines 28-46, which references a "monetary amount" in the form of a coupon, cash payment, credit, increase of a deposit, or a combination thereof.

Alternately, should the "reward" be considered to be considered to be an offer of another "value contract," such a reward is clearly not "directly based part upon the monetary amount of the customer's purchases in the selected product categories." For example, the cited passage of Gardenswartz (column 17, lines 3-18) does not any where mention or discuss the monetary amount of a customer's purchase, and instead considers the volume of purchases. In any case, if the Office action should continue its rejections along the same or similar bases, clarification is requested as to whether the "reward" of the cited references constitutes another "cycle" of the rewards program, or a reduced price, so that Applicant can more fully respond.

New claim 58 depends from claim 1 and specifies that the method further comprises, after the establishing step, and before the second receiving step, simultaneously presenting a list

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of all product categories to the customer, and requesting the customer to select at least one product category for the purposes of the reward program. In contrast, neither Gardenswartz and Walker disclose these steps.

New claim 61 depends from claim 40 and specifies that the establishing, receiving, tracking and providing steps are carried out for a plurality of customers, and wherein the plurality of product categories are fixed for the plurality of customers such that the same plurality of product categories applies to each customer in the reward program. Accordingly, to the extent the Office may take the position that any "complementary offers" of the Walker '262 reference correspond to the product categories, claim 61 would distinguish over such an interpretation. In particular, claim 61 specifies that the product categories are fixed, and are the same, for each customer. In contrast, the complementary offers of the Walker '262 reference are individually tailored to each customer.

Thus, in sum, it is submitted that the application is in a condition for allowance, a formal notice of thereof is respectfully solicited.

The Commissioner is hereby authorized to charge any additional fees required, including the fee for an extension of time, or to credit any overpayment to Deposit Account 20-0809. The applicant(s) hereby authorizes the Commissioner under 37 C.F.R. §1.136(a)(3) to treat any paper that is filed in this Application which requires an extension of time as incorporating a request for such an extension.

Respectfully submitted,

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